



TOWN OF KITTERY, MAINE

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RESOLUTION IN OPPOSITION TO THE INITIATED BILL LD 976 "An Act to Provide Tax Relief" aka TAXPAYERS BILL OF RIGHTS (TABORII)

WHEREAS, since 2005, local governments in Maine have operated under a state law that limits the extent to which the property tax may increase in any given year and that requires the local governing body to vote on a separate article to exceed that limit; and

WHEREAS, this law also imposes expenditure limitations on State Government; and

WHEREAS, the purpose of this legislation was to limit state spending and the municipal property tax levy in an effort to reduce the tax burden on our citizens and reduce Maine's national ranking on tax burden; and

WHEREAS, since it was adopted, it has achieved its stated purpose, with current State spending and overall municipal property taxes both below targeted levels; and

WHEREAS, this citizen initiative, also known as TABOR II, will make changes to the current spending and property taxation limits that apply to all levels of government in Maine; and

WHEREAS, it will impose growth limits on all state spending, including the State's Highway Fund, where the current law places limits only on the State's General Fund; and

WHEREAS, TABOR II will establish Fiscal Year 2010 as the baseline year for all future growth in State spending, a year where both the State General Fund and Highway Fund will experience significant revenue declines; thus, this proposal will lock in State spending at current depressed levels reflecting the impact of the current recession on State revenues; and

WHEREAS, current State spending limits are calculated on a cumulative basis allowing that if the amount spent is below the spending limit for the current fiscal year, that limit will be carried forward to next fiscal year thus allowing some flexibility in State spending and providing an incentive to spend below statutory levels; TABOR II will base the following year's spending level on that of the current year, thus creating a "use it or lose it incentive;" and

WHEREAS, TABOR II will require statewide voter approval for virtually all tax increases and expenditure increases above the growth limit, a requirement that entails significant additional state and local election expenditures and additional costs associated with its requirement that certain notices and financial information be mailed to every registered voter in the State at an estimated cost of \$800,000 for each mandated referendum; and

WHEREAS, at the municipal and county level, TABOR II also mandates referendum voting to approve any budget that exceeds the municipal or county property tax limit; and

WHEREAS, it also requires municipalities and counties to adopt a uniform budget format as developed by the State Planning Office; and

WHEREAS, both of these requirements will add costs that must be borne by local government and its citizens; and

WHEREAS, TABOR II, if approved, will dramatically move state and local government in Maine in the direction of budgeting by referendum, the results of which have become apparent in those States where this has already happened; and

WHEREAS, it will limit the flexibility of both the State and its local governments to react to changing conditions, community needs, and economic conditions and undermine the authority of elected officials to make budgetary and service decisions based on information and a depth of analysis unlikely to be undertaken by the average voter; and

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF KITTERY THAT

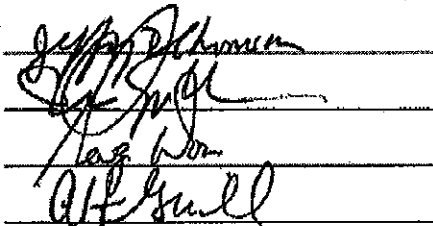
For the following reasons, the Council opposes the so-called TABOR II question that will appear on the November ballot and which would significantly modify current limits on State spending and on the municipal property tax levy:

- > The spending and levy limits established in current state law have been achieving their stated goal of reducing the tax burden on Maine citizens;
- > The requirement that state spending above the spending limit and most tax increases be subject to approval at a statewide referendum will increase both state and local expenses and move toward a system of budgeting by referendum which, as shown by experience elsewhere, is an ineffective way to make budgetary and service level decisions;
- > By establishing the current year as the basis from which future state spending increases are to be calculated, state spending, particularly for the highway fund, will be starting from a depressed level reflecting the impact of the current recession;
- > Tax policy, budgets, and service levels are best decided through the core processes of representative government where the people elect individuals and charge them with the responsibility of making decisions based on data, analysis, debate, and public opinion while balancing the need for services and expenditures that address the common good with the ability of citizens to pay for such services.

BE IT FURTHER RESOLVED THAT

We urge all citizens to become fully informed on this proposal prior to the November election by becoming familiar with the language of the proposal and reviewing materials provided by those supporting and opposing this measure.

Dated: September 28, 2009



KITTERY TOWN COUNCIL

